

**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION MARCH 2022**  
**COMMERCE**  
**Financial Accounting**

Duration: 2 Hours

Max Marks: 60

## SECTION – A

Answer any TWO questions:

(2×15= 30)

- 1) Describe any three Accounting Concepts and two Accounting Conventions.
- 2) From the following trial balance of Geetha, you are required to prepare a Trading and Profit and Loss A/c for the year ended 31<sup>st</sup> March 2021 and a Balance Sheet as on that date, after making the necessary adjustments as mentioned under:

	Dr. (Rs.)	Cr. (Rs.)
Geetha's Capital & Drawings	12,000	80,000
Plant and Machinery	34,000	--
Patent Rights (Ten years to run from 1-4-2020)	20,000	--
Stock as on 1-4-2020	20,000	--
Purchases & Sales	85,000	1,32,000
Salaries	7,400	--
Wages	15,000	--
Sundry Debtors & Creditors	20,400	12,000
Loan from Ram at 6% p.a. from 1.10.2020	--	10,000
Postage and Telegrams	1,500	--
Rent & Taxes	3,600	--
Bad debts written off	400	--
Discount	--	600
Interest on Loan from Ram	150	--
Insurance charges	1,800	--
Cash in hand	3,050	--
Cash at bank	10,300	--
	<b>2,34,600</b>	<b>2,34,600</b>

Adjustments:

- a. Stock on 31.3.2021 was valued at Rs.27,200.
- b. A new machine was installed on 1<sup>st</sup> January 2021 for Rs.3,000. No entry in this

respect was passed in the books. Wages of Rs.1,000 paid for installing the machine were debited to Wages Account.

- c. Of the Sundry Debtors, Rs.400 are bad and are to be written off.
- d. Maintain a reserve of 5% on debtors for doubtful debts.
- e. Depreciate Plant and Machinery at 20%.

3) Sri Vamana did not maintain his books of accounts properly.

From the following data supplied to you, prepare his final accounts for the year ended 31.12.2021. He informs you that he invariably sells his goods at a profit of  $33\frac{1}{3}\%$  on Cost. Ignore depreciation.

	Rs.
Opening Stock	5000
Creditors (1.1.2021)	2000
Cash in Hand (1.1.2021)	3000
Furniture (1.1.2021)	1000
Office Salaries	3400
Rent	1200
Other Expenses	2400
Cash Sales	4000
Cash received from Debtors	32000
Cash paid to Creditors	18000
Cash purchases	2000
Credit purchases	30000
Closing Stock	4000
Debtors (31.12.2021)	12000
Drawings	4000
Discount allowed to Debtors	1000
Donations given	1000

4) X Company Ltd. of Mumbai dispatched 1000 Radio sets costing Rs.150 each to Y of Madras on 15th March 2021.

The following expenses were paid by X Company Ltd. on the consignment:

Freight Rs.7,500; Cartage Rs.500; Insurance Rs.2,000. The Proforma invoice to the agent was for Rs.2,00,000 and the remuneration was fixed at 5% on gross sale proceeds. The agent accepted a bill for Rs.50,000 drawn on him as an advance. 50 Sets were stolen in transit to Madras and an insurance claim of Rs.7,000 was received in final settlement. On 31st December 2021 the company received an account sale from the agent as under:

	Rs.
Sale proceeds of 800 Radio sets	1,60,000
Less: Clearing charges	1,900
Storage	3,100
Commission	8,000    13,000
Net Proceeds	1,47,000

Y of Madras remitted a sight draft for the balance.

Prepare the Consignment Account and Consignee's Account in the books of Consignor.

### SECTION – B

Answer any FOUR questions :

(4×5= 20)

- 5) Write a short note on Accounting Standards.
- 6) From the following trial balance of Ms Agnes, prepare Profit & Loss A/c for the year ended 31 March, 2021.

	Rs.	Rs.
Capital Account	---	96000
Drawings Account	8200	---
Buildings	65000	---
Depreciation on Building	1000	---
Debtors and Creditors	30000	35000
Wages outstanding	---	2500
Provision for Bad debts	---	5500
Salaries	11000	---
Insurance	5000	---
Bad debts	4400	---
Furniture	16500	---
Investments	10000	---
Discount	---	2100
Cash at Bank	15000	---
Gross Profit for 2021	----	25000
	<b>166100</b>	<b>166100</b>

Adjustments:

- 1) Write off bad debts Rs. 500
- 2) Create 5% reserve on debtors for bad debts.
- 3) Prepaid insurance amounts to Rs.100.

7) Prepare Manufacturing Account from the following:

Particulars	Rs.	Particulars	Rs.
<u>Opening Stock:</u>		<u>Closing Stock:</u>	
Raw materials	32000	Raw materials	24000
Work in Progress	12000	Work in Progress	10000
Finished goods	25000	Finished goods	30000
Carriage on purchases	2200	Depreciation on Furniture	1500
Carriage on sales	4500	Depreciation on Machinery	2500
Sale of scrap	5000	Repairs to plant	800
Purchase of raw materials	90000	Factory expenses	3200
Manufacturing wages	12000	General expenses	5000
Salaries	24000	Motive power	3500
Bad debts	2000	Discount allowed	1000
Stationery	400	Depreciation on Loose tools	1200

Note: a) Materials of Rs.6,500 were used by the proprietor for personal use.  
b) Motive power Rs.1600 due.

8) Sohan of Chennai consigned 2,000 chairs to Sundaran of Calcutta at a cost of Rs.300 each. Sohan paid freight Rs.20,000 and insurance Rs.3,000. During the voyage 200 chairs were totally damaged by fire and had to be thrown overboard. Sundaran took delivery of the remaining chairs and paid Rs.28,800 as customs duty. He sold 1,600 chairs at Rs.440 each after incurring expenses on godown rent and advertisement amounting to Rs.4,000. Prepare Consignment A/c.

9) From the following information, find out the total purchases.

	Rs.		Rs.
Opening Creditors	40,000	B/R endorsed to Creditors	12,000
Closing Creditors	60,000	Discount allowed by suppliers	6,500
Bills Payable issued during the year	80,000	Returns outwards	9,800
Cash paid to Suppliers	50,700	B/P dishonoured	16,000
Cash Purchases	67,000	Endorsed bill dishonoured	6,000

10) Write the significance of Big Data Analytics in Accounting.

## SECTION – C

Answer any FIVE questions :

(5×2= 10)

11. Mention any four functions of Accounting.
12. How do you treat the following adjustment while preparing the final accounts of a sole trader?  
Goods costing Rs.10,000 were sent to a customer on sale or return basis at the end of the accounting year. These were recorded as actual sales. The rate of gross profit was 25% on cost.
13. Choose the items to be excluded from Manufacturing Account from the following:  
Bad debts written off, Wages, Premises, Depreciation on furniture, Depreciation on Factory Building, Depreciation on Machinery, Carriage outward, Import duty.
14. Calculate the total amount of factory expenses to be debited to Manufacturing Account:  
Factory expenses incurred during the year Rs.33,500  
Factory expenses outstanding at the end of the previous year Rs.4,500  
Factory expenses outstanding at the end of the current year Rs.9,300  
Factory expenses paid in advance during the year Rs.3,400.
15. Mention any two differences between Consignment & Sale.
16. Write any two differences between Single Entry System and Double Entry System.
17. What is Forensic Accounting?

\*\*\*\*\*

**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION MARCH 2022**  
**COMMERCE**

**Management Principles and Applications**

**Duration:2 Hours**

**Max Marks:60**

**SECTION – A**

**Answer any TWO questions:**

**(15×2= 30)**

1. Define Management. Explain Henry Fayol's Principles of Management.
2. What is meant by Strategic Planning? Explain different tools of Strategic planning.
3. Define Performance Appraisal. What are its methods?
4. What is Staffing? Explain the steps involved in Staffing process.

**SECTION – B**

**Answer any FOUR questions :**

**(5×4= 20)**

5. Explain Peter F Drucker's theory of Management.
6. Briefly explain the advantages of Planning.
7. What is Line and Staff Organization?What are its advantages and disadvantages?
8. Write a note on Communication.Explain its forms.
9. What is Co-Ordination? Explain the principles of Co-Ordination.
10. Explain the process of Controlling.

**SECTION – C**

**Answer any FIVE questions :**

**(2×5= 10)**

11. State any two modern organizational theories.
12. What is Competitors Analysis?
13. Mention any two types of decisions.
14. What is transformational leadership?
15. What is meant by Span of Management?
16. What is Line Organization?
17. Define Controlling.

\*\*\*\*\*

21COMC103

Reg No : .....

**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION MARCH 2022**  
**COMMERCE**  
**Principles of Marketing**

**Duration:2 Hours**

**Max Marks:60**

---

**SECTION – A**

**Answer any TWO questions:**

**(15×2= 30)**

1. Briefly outline the bases of Market Segmentation.
2. Explain the stages involved in the development of a new product.
3. Explain the nature and characteristics of promotion with examples.
4. Briefly explain the following three recent trends in marketing:
  - a. Green Marketing
  - b. Rural Marketing
  - c. Consumerism

**SECTION – B**

**Answer any FOUR questions :**

**(5×4= 20)**

5. Explain the Macro Marketing Environment.
6. Explain the importance of Market Positioning.
7. Write a note on Marketing Mix.
8. Explain the external factors affecting the price of a product.
9. What is Wholesaling? What are its features?
10. Explain the features of Network Marketing.

**SECTION – C**

**Answer any FIVE questions :**

**(2×5= 10)**

11. What is Marketing?
12. What is meant by Consumer Buying Decision Process?
13. What is Branding?
14. What are Consumer Products?
15. Define Sales Promotion.
16. Define Advertising.
17. What is Marketing Analytics?

\*\*\*\*\*

**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION MARCH 2022**  
**COMMERCE**

**International Financial Accounting**

Duration: 2 Hours

Max Marks: 60

**SECTION – A**

Answer any TWO questions:

(15×2= 30)

- 1) On 1 July 20X6 an entity, Pinto, had 10 items of inventory at a unit cost of \$8.50. Pinto then made the following purchases and sales during a six month period to 31 December 20X6:

Purchases:

Date	Quantity	Unit cost \$	Total cost \$
14 Oct X6	15	9.00	135.00
22 Nov X6	25	9.20	230.00
13 Dec X6	20	9.50	190.00
	<b>60</b>		<b>555.00</b>

Sales:

Date	Quantity	Unit Selling price \$	Total cost \$
23 Aug X6	7	12.00	84.00
20 Oct X6	10	12.25	122.50
30 Nov X6	15	12.50	187.50
24 Dec X6	18	13.00	234.00
	<b>50</b>		<b>628.00</b>

Required:

Based upon the available information, calculate the closing inventory valuation at 31 December 20X6 using:

1. The periodic weighted average cost
  2. Continuous weighted average cost.
- 2) The transactions of a new business in its first five days are as follows:
- Day 1 Avon commenced business introducing \$1,000 cash.  
 Day 2 Bought a motor car for \$400 cash.  
 Day 3 Obtained a \$1,000 loan.  
 Day 4 Purchased goods for \$300 cash.  
 Day 5 Sold all of the goods purchased on day 4 for \$400 on credit.



Use the accounting equation to illustrate the position of the business at the end of each day.

- 3) Neville is an entity that manufactures and retails office products. Its summarised financial statements for the years ended 30 June 20X4 and 20X5 are given below:

Statements of profit or loss for the year ended 30 June

	20X4	20X5
	\$000	\$000
Revenue	1,159,850	1,391,820
Cost of sales	(753,450)	(1,050,825)
	_____	_____
Gross profit	406,400	340,995
Operating expenses	(170,950)	(161,450)
	_____	_____
Profit from operations	235,450	179,545
Finance costs	(14,000)	(10,000)
	_____	_____
Profits before tax	221,450	169,545
Tax	(66,300)	(50,800)
	_____	_____
Net profit	155,150	118,745

Statements of financial position as at 30 June

	\$000	20X4 \$000	\$000	20X5 \$000
Non-current assets		341,400		509,590
Current Assets				
Inventory	88,760		109,400	
Receivables	206,550		419,455	
Bank	95,400		-	
	_____		_____	
		390,710		528,855
		_____		_____
		732,110		1,038,445
		_____		_____
Equity and reserves				
Share capital	100,000		100,000	
Share premium	20,000		20,000	

Revaluation reserve	–		50,000	
Retained earnings	287,420		376,165	
		407,420		546,165
Non-current liabilities				
Loans		83,100		61,600
Current liabilities				
Payables	179,590		345,480	
Overdraft	–		30,200	
Tax	62,000		55,000	
		241,590		430,680
		732,110		1,038,445

The directors concluded that the revenue for the year ended 30 June 20X4 fell below budget and introduced measures during the year ended 30 June 20X5 to improve the situation. These included:

- cutting selling prices
- extending credit facilities to customers
- leasing additional machinery in order to be able to manufacture more products.

The directors' are now reviewing the results for the year ended 30 June 20X5. Calculate the ratios for and comment upon the profitability and liquidity/efficiency of Neville for 20X4 and 20X5

- 4) Hazelnut acquired 80% of the share capital of Peppermint on 1 January 20X3 for cash consideration of \$1 million. At the date of acquisition, Peppermint had retained earnings of \$125,000 and a revaluation surplus of \$100,000. At acquisition the fair value of Peppermint's plant exceeded its carrying amount by \$200,000. At the date of acquisition, the fair value of the 20% non-controlling interest in Peppermint was \$380,000. Below are the statements of financial position of Hazelnut and Peppermint as at 31 December 20X4:

	<b>Hazelnut</b>	<b>Peppermint</b>
	<b>\$000</b>	<b>\$000</b>
Investment in Peppermint at cost	1,000	
Property, plant & equipment Current assets:	5,500	1,500
Inventory	550	100
Receivables	400	200
Cash	200	50
	<u>7,650</u>	<u>1,850</u>
Share capital	1,800	400
Revaluation surplus	200	100
Retained earnings	1,400	300
	3,400	800
Non-current liabilities	3,000	400
Current liabilities	1,250	650
	<u>7,650</u>	<u>1,850</u>

Prepare the consolidated statement of financial position of Hazelnut Group as at 31 December 20X4. Include all relevant workings.

### SECTION – B

Answer any **FOUR** questions :

(5×4= 20)

- 5) Esoteric owns a retail unit in central Springfield. It bought the property 25 years ago for \$100,000, depreciating it over 50 years on a straight- line basis. At the start of 20X6 the entity decides to revalue the unit to \$800,000. The unit has a remaining useful life of 25 years at the date of the revaluation. It is the entity's policy to make the annual transfer of excess depreciation between revaluation surplus and retained earnings within equity.  
What accounting entries should be made in the financial statements for 20X6?
  
- 6) Dev, a trader, purchased an item of plant for \$1,000 on 1 August 20X1 which he depreciates on the reducing balance at 20% pa. What is the depreciation charge for each of the first five years if the accounting year-end is 31 July?

7) Libby Farquar receives income from the rental units as follows

Period	\$	Unit 1 Received
1.10.X4 – 31.12.X4	2,150	30.9.X4
1.1.X5 – 31.3.X5	2,150	27.12.X4
1.4.X5 – 30.6.X5	2,150	25.3.X5
1.7.X5 – 30.9.X5	2,200	21.6.X5
1.10.X5 – 31.12.X5	2,200	21.9.X5
1.1.X6 – 31.3.X6	2,200	29.12.X5

What is Libby's rental income in the statement of profit or loss for the year ended 31 December 20X5?

8) Tonga received a statement from a supplier, Cook, showing a balance of \$14,810. Tonga's Payables' ledger shows a balance due to Cook of \$10,000. Investigation reveals the following:

1. Cash paid to Cook of \$4,080 has not been recorded by Cook.
2. Tonga's recorded the fact that a \$40 cash discount was not allowed by Cook, but forgot to record this in the payables' ledger.

What discrepancy remains between Tonga and Cook's records after allowing for these items?

9) Hazelnut acquired 80% of the share capital of Peppermint on 1 January 20X3 for cash consideration of \$1 million. At the date of acquisition, Peppermint had retained earnings of \$125,000 and a revaluation surplus of \$100,000.

At acquisition the fair value of Peppermint's plant exceeded its carrying amount by \$200,000. At the date of acquisition, the fair value of the 20% non-controlling interest in Peppermint was \$380,000.

Below are the statements of financial position of Hazelnut and Peppermint as at 31 December 20X4:

	Hazelnut	Peppermint
	\$000	\$000
Investment in Peppermint at cost	1,000	
Property, plant & equipment	5,500	1,500
Current assets:		
Inventory	550	100
Receivables	400	200
Cash	200	50
	7,650	1,850

Share capital	1,800	400
Revaluation surplus	200	100
Retained earnings	1,400	300
	3,400	800
Non-current liabilities	3,000	400
Current liabilities	1,250	650
	7,650	1,850

Calculate the fair value of the net assets of Peppermint at the date of acquisition and at the reporting date

- 10) The opening payables of Dick Dastard-Lee's business were \$15,000. Total payments made to suppliers during the year were \$14,000. Discounts received were \$500 and closing payables were \$13,000. What were the total purchases for the year?

### SECTION – C

Answer any FIVE questions :

(2×5= 10)

11. Which of the following users do you think require the most detailed financial information to be made available to them?
- Competitors
  - Management of the business
  - Trade unions
  - Investors
12. According to IAS 2 Inventories, the items that may be included in computing the value of an inventory of finished goods manufactured by a business are clearly specified. Which one of the following lists consists only of items which may be included in the statement of financial position value of such inventories according to IAS 2?
- Foreman's wages, carriage inwards, carriage outwards, raw materials.
  - Raw materials, carriage inwards, costs of storage of finished goods, plant and machinery costs.
  - Plant and machinery costs, carriage inwards, raw materials, foreman's wages.
  - Carriage outwards, raw materials, foreman's wages, plant and machinery costs.
13. On which side of the cash book should the following unrecorded items be posted?
- bank charges
  - direct debits/standing orders
  - direct credits
  - dishonoured cheques received from customers

14. Which of the following could appear in an entity's statement of cash flows?
- Proposed dividend
  - Dividends received
  - Bonus issue of shares
  - Surplus on revaluation of non-current assets
15. Which one of the following statements best defines a liability?
- A liability is an obligation arising from a past transaction or event.
  - A liability is a legally binding amount owed to a third party.
  - A liability is an obligation arising from a past transaction or event which is expected to be settled by an outflow of economic benefits.
  - A liability is anything which results in an outflow of economic benefits from an entity.
16. Which TWO items would you expect to see included within the financial statements of a sole trader?
- Issued share capital
  - Revaluation surplus
  - Personal drawings
  - Capital account
17. Which one of the following statements best describes the purpose of a goods despatched note (delivery note)?
- It is issued by a customer returning faulty goods to their supplier.
  - It is issued by a customer to their supplier and specifies the quantity and type of goods they require to be despatched.
  - It is issued by a supplier to their customer and specifies the quantity and type of goods delivered to that customer.
  - It is issued by a supplier to their customer and specifies what goods will be provided to them at a specified future date.

\*\*\*\*\*

**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION MARCH 2022**  
**COMMERCE**  
**Performance Management**

Duration: 2 Hours

Max Marks: 60

## SECTION – A

Answer any TWO questions:

(15×2= 30)

1. Cabal makes and sells two products, Plus and Doubleplus. The direct costs of production are \$12 for one unit of Plus and \$24 per unit of Doubleplus. Information relating to annual production and sales is as follows:

	Plus	Doubleplus
Annual production and sales	24,000 units	24,000 units
Direct labour hours per unit	1.0	1.5
Number of orders	10	140
Number of batches	12	240
Number of setups per batch	1	3
Special parts per unit	1	4

	Cost driver	Annual cost
		\$
Setup costs	Number of setups	73,200
Special parts handling	Number of special parts	60,000
Other materials handling	Number of batches	63,000
Order handling	Number of orders	19,800
Other overheads	—	216,000
		<b>432,000</b>

Other overhead costs do not have an identifiable cost driver, and in an ABC system, these overheads would be recovered on a direct labour hours basis.

- a. Calculate the production cost per unit of Plus and of Doubleplus if the company uses traditional absorption costing and the overheads are recovered on a direct labour hours basis. (4 Marks)
  - b. Calculate the production cost per unit of Plus and of Doubleplus if the company uses ABC (11 marks)
2. RY Ltd, a transatlantic airline company, has recently launched a low-cost airline company providing flights within Europe. The market is highly competitive and two other low-cost airlines, B Ltd and G Ltd, together hold 98% of the market. RY Ltd commissioned some market research to help with the pricing decision for

one route, London to Paris, which it is thinking of offering. The research identified three possible market states and the likely number of passengers that would be attracted at three price levels on this route.

Ticket price Market	Probability	£80 Passenger seats	£90 Passenger seats	£100 Passenger seats
Pessimistic	0.2	80	60	30
Most likely	0.6	100	90	80
Optimistic	0.2	150	150	120

Airport charges are incurred for each customer and these are expected to be either £5 or £6 per customer depending on the negotiations with the airports involved. The probabilities for the airport charges are 0.6 for an airport charge of £5 per passenger and 0.4 for an airport charge of £6 per customer.

The fixed costs of a flight from London to Paris are £4,422.

a. Draw a decision tree to illustrate the pricing decision faced by RY Ltd. **(9 marks)**

b. Using the decision tree or otherwise, establish the optimum price that RY Ltd should charge in order to maximise profit. **(6 marks)**

3. Big Soft Chairs (BSC) manufactures and sells executive leather chairs. They are considering a new design of massaging chair to launch into the competitive market in which they operate.

They have carried out an investigation in the market and using a target costing system have targeted a competitive selling price of \$120 for the chair. BSC wants a margin on selling price of 20% (ignoring any overheads).

The frame and massage mechanism will be bought in for \$51 per chair and BSC will upholster it in leather and assemble it ready for despatch.

Leather costs \$10 per metre and two metres are needed for a complete chair although 20% of all leather is wasted in the upholstery process.

The upholstery and assembly process will be subject to a learning effect as the workers get used to the new design. BSC estimates that the first chair will take two hours to prepare but this will be subject to a learning rate (LR) of 95%. The learning improvement will stop once 128 chairs have been made and the time for the 128th chair will be the time for all subsequent chairs. The cost of labour is \$15 per hour.

The learning formula is shown on the formula sheet and at the 95% learning rate the value of b is  $-0.074000581$ .

A. Calculate the average cost for the first 128 chairs made and identify any cost gap that may be present at that stage. **(9 marks)**

B. Calculate the cost of the 128th chair made and state whether the target cost is being achieved on the 128th chair. **(6 marks)**

4. The Portable Garage Co (PGC) is a company specialising in the manufacture and sale of a range of products for motorists. It is split into two divisions: the battery division (Division B) and the adaptor division (Division A). Division B sells one



product – portable battery chargers for motorists which can be attached to a car's own battery and used to start up the engine when the car's own battery fails.

Division A sells adaptors which are used by customers to charge mobile devices and laptops by attaching them to the car's internal power source.

Recently, Division B has upgraded its portable battery so it can also be used to rapidly charge mobile devices and laptops. The mobile device or laptop must be attached to the battery using a special adaptor which is supplied to the customer with the battery. Division B currently buys the adaptors from Division A, which also sells them externally to other companies.

The following data is available for both divisions

Division B	
Selling price for each portable battery, including adaptor	\$180
Costs per battery:	
Adaptor from Division A	\$13
Other materials from external suppliers	\$45
Labour costs	\$35
Annual fixed overheads	\$5,460,000
Annual production and sales of portable batteries (units)	150,000
Maximum annual market demand for portable batteries (units)	180,000
Division A	
Selling price per adaptor to Division B	\$13
Selling price per adaptor to external customers	\$15
Costs per adaptor:	
Materials	\$3
Labour costs	\$4
Annual fixed overheads	\$2,200,000
Current annual production capacity and sales of adaptors – both internal and external sales (units)	350,000
Maximum annual external demand for adaptors (units)	200,000

In addition to the materials and labour costs above, Division A incurs a variable cost of \$1 per adaptor for all adaptors it sells externally.

Currently, Head Office's purchasing policy only allows Division B to purchase the adaptors from Division A but Division A has refused to sell Division B any more than the current level of adaptors it supplies to it.

The manager of Division B is unhappy. He has a special industry contact who he could buy the adaptors from at exactly the same price charged by Division A if he were given the autonomy to purchase from outside the group.

After discussions with both of the divisional managers and to ensure that the managers are not demotivated, Head Office has now agreed to change the purchasing policy to allow Division B to buy externally, provided that it optimises the profits of the group as a whole.

A. Under the current transfer pricing system, prepare a profit statement showing the profit for each of the divisions and for The Portable Garage Co (PGC) as a whole. Your sales and costs figures should be split into external sales and inter-divisional transfers, where appropriate. (9 marks)

B. Assuming that the new group purchasing policy will ensure the optimisation of group profits, calculate and discuss the number of adaptors which Division B should buy from Division A and the number of adaptors which Division A should sell to external customers (6 marks)

### SECTION – B

Answer any FOUR questions :

(5×4= 20)

5. Explain the Customer Relationship Management Development Process.
6. Murray Ltd produces and sells two types of sports equipment items for children, balls (in batches) and miniature racquets. A batch of balls sells for \$8 and has a variable cost of \$5. Racquets sell for \$4 per unit and have a unit variable cost of \$2.60. For every 2 batches of balls sold, one racquet is sold. Murray budgeted fixed costs are \$407,000 per period. Budgeted sales revenue for next period is \$1,250,000 in the standard mix. Calculate the margin of safety.
7. X Ltd makes three products, A, B and C, for which unit costs, machine hours and selling prices are as follows:

	Product A	Product B	Product C
Machine hours	10	12	14
	\$	\$	\$
Direct materials @ 50c per kg	7 (14 kg)	6 (12 kg)	5 (10 kg)
Direct wages @ \$7.50 per hour	9 (1.2 hours)	6 (0.8 hours)	3 (0.4 hours)
Variable overheads	<u>3</u>	<u>3</u>	<u>3</u>
Marginal cost	19	15	11
Selling price	<u>25</u>	<u>20</u>	<u>15</u>
Contribution	<u>6</u>	<u>5</u>	<u>4</u>

Sales demand for the period is limited as follows

Product A	4,000
Product B	6,000
Product C	6,000

Company policy is to produce a minimum of 1,000 units of Product A.

The supply of materials in the period is unlimited, but machine hours are limited to 200,000 and direct labour hours to 5,000.

Indicate the production levels that should be adopted for the three products in order to maximise profitability.

8. Shuffles Co uses fork-lift trucks in its warehouses. The management accountant is deciding which grade of trucks to buy based on the company's risk appetite. There are three grades of truck, the A series, B series and the C series. The decision for the truck is dependent on Shuffles Co's growth in its online market which could be at 15%, 30% or 40% for the next period.

The management accountant has correctly produced a pay-off table showing the daily contribution earned for each of the outcomes.

Pay-off table		Type of truck		
		A series	B series	C series
Growth rate	15%	\$2,400	\$1,800	\$3,600
	30%	\$1,400	\$1,900	\$4,500
	40%	\$4,900	\$2,800	\$3,900

A.If Shuffles Co adopt the minimax regret approach to decision-making, which grade of truck will it purchase?

B.Based upon the scenario information, if the probabilities of the given growth rates are 15%: 0.4, 30%: 0.25 and 40%: 0.35, and Shuffles Co is risk neutral, which grade of truck will it purchase?

9. Hudson has a sales budget of 400,000 units for the coming year based on 20% of the total market. On each unit, Hudson makes a profit of \$3. Actual sales for the year were 450,000, but industry reports showed that the total market volume had been 2.2 million.

A.Find the traditional sales volume variance.

B.Split this into planning and operational variances (market size and market share). Comment on your results.

10. Two divisions of a company are considering new investments

	Division A \$	Division B \$
Profit	90,000	10,000
Capital employed	300,000	100,000
ROI	30%	10%

Company's required ROI = 18%

Assess the projects using both ROI and RI.

### SECTION – C

Answer any FIVE questions :

(2×5= 10)

11. Explain any two methods of ensuring security of confidential information.
12. Hard Tiles recorded a profit of \$120,000 in the accounting period just ended, using marginal costing. The contribution/sales ratio was 75%.

Material costs were 10% of sales value and there were no other variable production overhead costs. Fixed costs in the period were \$300,000.

Calculate the value of throughput in the period.

13. What is Complementary Product Pricing Strategy?
14. Ace Limited is considering a new project that will require the use of a currently idle machine. The machine has a current book value of \$12,000 and a potential disposal value of \$10,500 (before \$200 disposal costs) and hence has been under depreciated by \$1,500 over its life to date. If the machine is to be fit for purpose on the new project it will have to be relocated at a cost of \$500 and refitted at a further cost of \$800. What is the relevant cost of using the machine on the new project?
15. A company uses rolling budgeting and has a sales budget as follows:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	\$	\$	\$	\$	\$
Sales	125,750	132,038	138,640	145,572	542,000

Actual sales for Quarter 1 were \$123,450. The adverse variance is fully explained by competition being more intense than expected and growth being lower than anticipated. The budget committee has proposed that the revised assumption for sales growth should be 3% per quarter.

Update the budget as appropriate.

16. James Marshall Co makes a single product with the following budgeted material costs per unit:  
2 kg of material A at \$10/kg Actual details:  
Output 1,000 units  
Material purchased and used 2,200 kg Material cost \$20,900  
Calculate material price and usage variances.
17. Mention the problems of having multiple objectives in Not for Profit Organisations.

\*\*\*\*\*

**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION MARCH 2022**  
**COMMERCE**

**Management Accounting**

**Duration:2 Hours**

**Max Marks:60**

**SECTION – A**

**Answer any TWO questions:**

**(15×2= 30)**

- 1) An organisation's inventory at 1 July is 15 units at \$3.00 each. The following movements occur:

3 July 20X4	5 units sold at \$3.30 each
8 July 20X4	10 units bought at \$3.50 each
12 July 20X4	8 units sold at \$4.00 each

What would be the closing inventory valuation at 31 July using the FIFO, LIFO & AVCO method of inventory valuation?

- 2) W&B Ltd produce a breakfast cereal that involves several processes. A teach stage in the process, ingredients are added, until the final stage of production when the cereal is boxed up ready to be sold.

In Process 2, W&B Ltd have initiated a quality control inspection. This inspection takes place before any new ingredients are added in to Process2. The inspection is expected to yield a normal loss of 5% of the input from Process1. These losses are sold as animal fodder for \$1 per kg.

The following information is for Process2 for the period just ended:

	Units	\$
Transfer from Process1	500kg	750
Material added in Process2	300kg	300
Labour	200hrs	800
Overheads	–	500
Actual output	755kg	–

Prepare the process account, abnormal loss and gain account, and scrap account for Process 2 for the period just ended.

- 3) Newton Ltd manufactures two products. The expected sales for each product are shown below.

	Product1	Product2
Sales in units	3,000	4,500
Opening inventory is expected to be:		
Product 1	500units	
Product 2	700units	

Management have stated their desire to reduce inventory levels, and closing inventory is budgeted as:

Product 1 200units  
Product 2 300units

Two types of material are used in varying amounts in the manufacture of the two products. Material requirements are shown below:

	Product1	Product2
Material M 1	2kg	3kg
Material M 2	3kg	3kg

The opening inventory of material is expected to be:

Material M 1 4,300 kg  
Material M 2 3,700kg

Management are keen to reduce inventory levels for materials, and closing inventory levels are to be much lower. Expected levels are shown below:

Material M 1 - 2,200 kg  
Material M 2 - 1,300kg

Material prices are expected to be 10% higher than this year and current prices are \$1.10/kg for material M1 and \$3.00/kg for material M2. Two types of labour are used in producing the two products. Standard times per unit and expected wage rates for the forth coming year are shown below:

Hoursperunit	Product 1	Product 2
Skilled labour	3	1
Semi-skilled labour	4	4

Skilled labour is to be paid at the rate of \$9/ hour and semi-skilled labour at the rate of \$6/hour.

Production overheads per labour hour are as follows:

Variable \$3.50per labour hour  
Fixed \$5.50per labour hour

Calculate the following:

- The number of units of product1 to be produced
- The number of units of product2 to be produced
- The quantity of material M1 to be used
- The quantity of material M2 to be used
- The quantity of material M1 to be purchased and the value of the purchases
- The quantity of material M2 to be purchased and the value of the purchases

4) The following information is available for a company for Period 4.

Fixed production overheads \$22,960  
Units 6,560

The standard time to produce each unit is 2 hours

Actual: Fixed production overheads \$24,200  
Units 6,460

Labour hours

12,600 hrs

Calculate the following:

- fixed overhead absorption rate per hour
- fixed overhead capacity variance
- fixed overhead efficiency variance
- fixed overhead volume variance

**SECTION – B**

**Answer any FOUR questions :**

**(5×4= 20)**

- 5) From the following information:

Output(units)	Total Cost (\$)
200	7,000
300	8,000
400	9,000

- Calculate the variable cost per unit.
  - Calculate the total fixed cost.
  - Estimate the total cost if output is 350units.
  - Estimate the total cost if output is 600units
- 6) A company operates a factory which employed 40 direct workers throughout the four-week period just ended. Direct employees were paid at a basic rate of \$4.00 per hour for a 38-hour week. Total hours of the direct workers in the four-week period were 6,528. Overtime, which is paid at a premium of 35%, is worked in order to meet general production requirements. Employee deductions total 30% of gross wages. 188 hours of direct workers' time were registered as idle. Calculate the direct and indirect costs for the four-week period just ended.
- 7) A factory manufactures model cars. During October work commenced on 110,000 new cars. This was in addition to 20,000 that were 50% complete at the start of the month. At the end of October there were 40,000 cars that were 50% complete. Costs for October were: \$000
- |                      |         |
|----------------------|---------|
| Brought forward      | 11,000  |
| Incurred this period | 121,000 |
|                      | 132,000 |

If this factory chooses the weighted average method of spreading costs, what is the cost per car for October production? Prepare Process Account.

- 8) The output levels of product Q have been given in the following distribution:

Output of Q (kg)	No. of days (frequency)
350 – under 360	4
360 – under 370	6
370 – under 380	5
380 – under 390	4

Find the arithmetic mean for the above distribution

- 9) Explain the general criteria laid down for preparing Control Reports.
- 10) A company is considering an investment of \$400,000 in new machinery. The machinery is expected to yield incremental profits over the next five years as follows:

Year	Profit (\$)
1	175,000
2	225,000
3	340,000
4	165,000
5	125,000

There after, no incremental profits are expected and the machinery will be sold. It is company policy to depreciate machinery on a straight line basis over the life of the asset. The machinery is expected to have a value of \$50,000 at the end of year 5. What is the payback period of the investment in this machinery?

### SECTION – C

**Answer any FIVE questions :**

**(2×5= 10)**

11. Distinguish between data and information.
12. What is meant by Premium Bonus Plans?
13. State the Principles of Total Quality Management.
14. The nominal interest rate is 10% per year compounded on a monthly basis. A company is going to invest for 12 months what is the effective interest rate?
15. A company uses standard marginal costing. Last month the standard contribution on actual sales was \$44,000 and the following variances arose:
 

Total variable costs variance	\$6,500 Adverse
Sales price variance	\$2,000 Favorable
Sales volume contribution variance	\$4,500 Adverse

 What was the actual contribution for last month?
16. A company has established a marginal costing profit of \$72,300. Opening inventory was 300 units and closing inventory is 750 units. The fixed production overhead absorption rate has been calculated as \$5/unit. What was the profit under absorption costing?
17. State any two advantages of RI.

\*\*\*\*\*



**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION MARCH 2022**  
**COMMERCE**  
**Professional Accounting**

Duration:2 Hours

Max Marks:60

---

**SECTION – A**

Answer any TWO questions:

(15×2= 30)

1. a) What are the different types of errors?  
b) State whether true or false and the correct treatment.
  1. The method of rectification of errors depends on the stage at which the errors are detected.
  2. In case of error of complete omission, the trial balance does not tally.
  3. When errors are detected after preparation of trial balance, suspense account is opened.
  4. When purchase of an asset is treated as an expense, it is known as error of principle.
  5. Trial balance agrees in case of compensating errors.
  6. When amount is written on wrong side, it is known as an error of principle.
  7. On purchase of furniture, the amount spent on repairs should be debited to repairs account.
  8. 'Profit & Loss adjustment account' is opened to rectify the errors detected in the current accounting period.
  9. Rent paid to land lord of the proprietors house, must be debited to 'Rent account'.
  10. If the errors are detected after preparing trial balance, then all the errors are rectified through suspense account.
2. a) M/s LG Transport purchased 10 trucks at Rs. 45,00,000 each on 1st April 2014. On October 1st, 2016, one of the trucks is involved in an accident and completely destroyed and Rs. 27,00,000 is received from the insurance in full settlement. On the same date, another truck is purchased by the company for the sum of Rs. 50,00,000. The company write off 20% on the original cost per annum. The company observe the calendar year as its financial year.  
You are required to prepare the motor truck account for two year ending 31 Dec 2017  
b) The following are the details of a spare part of Sriram Mills:  
1-1-2020 Opening Inventory Nil

1-1-2020 Purchases	100 units @ Rs 30 per unit
15-1-2020 Issued for consumption	50 units
1-2-2020 Purchases	200 units @ Rs 40 per unit
15-2-2020 Issued for consumption	100 units
20-2-2020 Issued for consumption	100 units

Find the value of closing inventory as on 31-3-2020 , if the company follows weighted average basis.

3. a) Miss Rakhi consigned 1,000 radio sets costing Rs.900 each to Miss Geeta, her agent on 1st July,2016. Miss Rakhi incurred the following expenditure on sending the consignment.

Freight	Rs. 7,650
Insurance	Rs. 3,250

Miss Geeta received the delivery of 950 radio sets. An account sale dated 30th November,2016 showed that 750 sets were sold for Rs.9,00,000 and Miss Geeta incurred Rs.10,500 for carriage.

Miss Geeta was entitled to commission 6% on the sales effected by her. She incurred expenses amounting to Rs.2,500 for repairing the damaged radio sets remaining in the inventories.

Miss Rakhi lodged a claim with the insurance company which was admitted at Rs.35,000. Show the Consignment Account and Miss Geeta's Account in the books of Miss Rakhi.

b)A sends out goods on approval to few customers and includes the same in the Sales Account. On 31.3.2016, the Trade receivables balance stood at Rs.1,00,000 which included Rs.7,000 goods sent on approval against which no intimation was received during the year. These goods were sent out at 25% over and above cost price and were sent to-

Mr. X - Rs. 4,000 and Mr. Y - Rs. 3,000.

Mr. X sent intimation of acceptance on 30th April and Mr. Y returned the goods on 10th April, 2016.

Make the adjustment entries and show how these items will appear in the Balance Sheet on 31st March, 2016. Show also the entries to be made during April, 2016. Value of closing Inventories as on 31st March, 2016 was Rs.60,000.

4. a) Yellow and Blue has the following mutual dealings and desire to settle their account on the average due date:

Purchases by Yellow from Blue	Rs.
6th January 2018	6,000
2nd February 2018	2,800
31st March 2018	2,000

Sales by Yellow to Blue	Rs.
6th January 2018	6,600
9th March 2018	2,400
20st March 2018	500

Ascertain average due date.

b) A draws upon B three Bills of Exchange of Rs 3,000, Rs 2,000 and Rs 1,000 respectively. A week later his first bill was mutually cancelled, B agreeing to pay 50% of the amount in cash immediately and for the balance plus interest Rs100, he accepted a fresh Bill drawn by A. This new bill was endorsed to C who discounted the same with his bankers for Rs1,500. The second bill was discounted by A at 5%. This bill on maturity was returned dishonoured (nothing charge being Rs 30). The third bill was retained till maturity when it was duly met.

Give the necessary journal entries recording the above transactions in the books of A.

### SECTION – B

Answer any **FOUR** questions :

(5×4= 20)

5. a) What are the features of cash book

b) Ganesh commenced business on 1st April, 2020 with Rs 2,000 as capital. He had the following cash transactions in the month of April 2020:

April 1	Purchased furniture and paid cash	250
2	Purchased goods	500
4	Sold goods for cash	950
5	Paid cash to Ram Mohan	560
6	He allowed discount	10
6	Received cash from Krishna & Co.	600
6	Allowed discount	20
April 7	Paid for petty expenses	15
8	Cash purchases	150
13	Paid for labour	1,000
13	Paid Ali & Sons	400
13	They allowed discount	8

Make out the two-column Cash Book (Cash and discount column) for the month of April, 2020

6. On 30th Sept. 2018 my Cash Book (Bank Column ) shows a Bank Overdraft of Rs. 49,350. On going through the Bank Pass book for reconciling the Balance, I found the following:
- (a) Out of cheques drawn on 26th Sept, those for Rs. 3,700 were cashed by the bankers on 2nd October.
  - (b) A crossed cheque for Rs. 750 given to Abdul was returned by him and a bearer cheque was issued to him in lieu on 1st Oct.
  - (c) Cash and cheques amounting to Rs. 3,400 were deposited in the Bank on 29th Sept., but cheques worth Rs. 1,300 were cleared by the Bank on 1st Oct., and one cheque for Rs. 250 was returned by them as dishonoured on the latter date.
  - (d) According to my standing instructions, the bankers have on 30th Sept, paid Rs. 320 as interest to my creditors, paid quarterly premium on my policy amounting to Rs. 160 and have paid a second call of Rs. 600 on shares held by me and lodged with the bankers for safe custody. They have also received Rs. 150 as dividend on my shares and recovered an Insurance Claim of Rs. 800, as their charges and commission on the above being Rs. 15. On receipt of information of the above transaction, I have passed necessary entries in my Cash Book on 1st Oct.
  - (e) My bankers seem to have given me a wrong credit for Rs. 500 paid in by me in No. 2 account and wrong debit in respect of a cheque for Rs. 300 drawn against my No. 2 account.

Prepare a Bank Reconciliation Statement as on 30th September, 2018.

7. M/s Surya took lease of a quarry on 1-1-2013 for Rs. 1,00,00,000. As per technical estimate the total quantity of mineral deposit is 2,00,000 tonnes. Depreciation was charged on the basis of depletion method. Extraction pattern is given in the following table:

Year	Quantity of Mineral extracted
2013	2,000 tonnes
2014	10,000 tonnes
2015	15,000 tonnes.

Required: Show the Quarry Lease & Depreciation Account for each year from 2013 to 2015

8. M/s X, Y and Z are in retail business, following information are obtained from their records for the year ended 31st March, 2020:

Goods received from suppliers

(subject to trade discount and taxes)

Rs 15,75,500

Trade discount 3% and sales tax 11%

Packaging and transportation charges	Rs 87,500
Sales during the year	Rs 22,45,500
Sales price of closing inventories	Rs 2,35,000

Find out the historical cost of inventories using adjusted selling price method.

9. Mr. B accepted a bill for Rs. 10,000 drawn on him by Mr. A on 1st August, 2017 for 3 months. This was for the amount which B owed to A. On the same date Mr. A got the bill discounted at his bank for Rs. 9,800. On the due date, B approached A for renewal of the bill. Mr. A agreed on condition that Rs. 2,000 be paid immediately along with interest on the remaining amount at 12% p.a. for 3 months and that for the remaining balance B should accept a new bill for 3 months. These arrangements were carried through. On 31st December, 2017, B became insolvent and his estate paid 40%. Prepare Journal Entries in the books of Mr. A.
10. a) What are the differences between Periodic inventory and perpetual inventory system?  
b) Explain a few historical cost methods.

### SECTION – C

**Answer any FIVE questions :**

**(2×5= 10)**

11. Differentiate between provision and contingent liability.
12. Give journal entries (narrations not required) to rectify the following:
  1. Purchase of Computer on credit from Goodwill Ltd. for Rs. 5,000 posted to Good life Account as Rs. 500
  2. Investments were sold for Rs. 75,000/- at a profit of Rs. 15,000/- and passed through Sales Account
  3. A sales returns of Rs. 10,000/- to Jyothi Ltd. was not entered in the financial accounts though it was duly taken in the stock book
  4. An amount of Rs. 10,000/- withdrawn by the Proprietor (Sudhir) for his personal use has been debited to Trade Expenses Account
13. What are the common causes of difference between balance as per pass book and cash book?
14. What causes the decrease in value of assets ?
15. What do you mean by average due date ? When is it used?
16. Explain a few subfields of accounting.
17. Explain some of the services rendered by accountants to society.

\*\*\*\*\*

**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION MARCH 2022**  
**COMMERCE**  
**Business Statistics**

Duration: 2 Hours

Max Marks: 60

**SECTION – A**

Answer any TWO questions:

(15×2= 30)

1. Compute Fisher's Ideal Index number for the following data. Prove that it satisfies FRT and TRT.

Item	Price		Quantity	
	2008	2009	2008	2009
A	9	9	3	6
B	20	21	9	10
C	10	15	5	6

2. Co-efficient of correlation between x and y for 20 items is 0.4. The A.M's and S.D's of x and y are known to be 12 and 15 & 3 and 4 respectively. Later on, it was found that a pair (20,15) was wrongly taken as (15, 20). Find the correct value of correlation Co-efficient.
3. The manufacturer of a certain electronic component is certain that 2% of his product is defective. He sells the components in boxes of 120 and guarantees that not more than 2% in any box will be defective. Find the probability that a box selected at random, would fail to meet the guarantee? (Given  $e^{-2.40} = 0.0907$ .)
4. The mode of the following distribution is 66. What will be the median?

Daily wages	30-40	40-50	50-60	60-70	70-80	80-90
No. of workers	8	16	22	28	-	12

**SECTION – B**

Answer any FOUR questions :

(5×4= 20)

5. Calculate SD for the following data: 10,12,23,23,16,23,21,16
6. Calculate the 65th percentile for the following data:

Profits	0-10	10-19	20-29	30-39	40-49	50-59
No. of firms	5	18	38	20	9	2

7. The mean salary for a group of 40 female workers is Rs. 5200 per month and that for a group of 60 male workers is Rs. 6800 per month. What is the combined mean salary?

8. Draw a Pie Chart for the following data related to Expense of a Family:

Source	Expense(Rs)
Shopping	80
Education	190
Rent	160
Food	75
Miscellaneous	35

9. If the relationship between 2 variables is  $u+3x=10$  and between 2 other variables is  $2y+5v=25$ , and the regression co-efficient on  $y$  on  $x$  is known as 0.80, what would be the regression co-efficient of  $v$  on  $u$  ?
10. Calculate Value Index number for the following data.

Commodities	Base Year		Current Year	
	Price	Quantity	Price	Quantity
A	5	25	6	30
B	10	5	15	4
C	3	40	2	50
D	6	30	8	35

### SECTION – C

Answer any FIVE questions :

(2×5= 10)

11. I Stand with my right hand extended side-ways towards North. Towards which direction will my back be?
12. Find the GM for 4,8 and 16.
13. In certain code 'FROZEN' is written as 'OFAPSG'. Then how would 'MOLTEN' be written in that code?
14. P, Q, R, S, T, U are 6 members of a family in which there are 2 married couples. T, a teacher is married to a doctor who is mother of R and U. Q, the lawyer is married to P. P has one son and one grandson. Of the two married ladies, one is a housewife. There is also one student and one male engineer in the family. Who is the doctor? Who is the housewife?
15. If  $A + B$  means A is the mother of B;  $A - B$  means A is the brother B;  $A \% B$  means A is the father of B and  $A \times B$  means A is the sister of B, given the following relation  $P - M + N \times Q$ , how is P related to Q?
16. Write pmf of Poisson Distribution.
17. If  $C=3$ ,  $BAG=10$ , then how much is CAR?

\*\*\*\*\*

**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION MARCH 2022**  
**COMMERCE**  
**Economics for Business**

Duration:2 Hours

Max Marks:60

## SECTION – A

Answer any TWO questions:

(15×2= 30)

1. a) Explain the nature of Business Economics.(8 marks)  
 b) Explain the scope of microeconomics applied to internal or operational issues. (7 marks)
2. a) Explain the meaning of Monopoly.(2 marks)  
 b) What are the features of Monopoly market?(4 marks)  
 c) Mention any five reasons for occurrence and continuation of monopoly. (5 marks)  
 d) Explain any four features of perfect competition.(4 marks)
3. a) Compute the average product and marginal product from the following data and show the TP, AP and MP graphically. (4 marks)

Units of Labour	Total Product (TP)
1	100
2	210
3	330
4	440
5	520
6	600
7	670
8	720
9	750
10	750
11	740

- b) Explain in detail the three stages of the Law of Variable Proportions. (8 marks)
- c) What is the relationship between Average Product & Marginal Product? (3 marks)
4. a) Compute the missing figures of Total Utility and Marginal Utility from the table provided below and draw the Total Utility Curve and Marginal Utility Curve. (5 marks)



Quantity of sweets consumed	Total Utility
1	30
2	50
3	65
4	75
5	83
6	89
7	93
8	96
9	98
10	98
11	94

b) Explain any six assumptions of Marginal Utility analysis. (6 marks)

c) Explain any four limitations of Marginal Utility analysis. (4 marks)

### SECTION – B

Answer any FOUR questions :

(5×4= 20)

5. Explain the external causes of Business Cycles.
6. What are the merits of Socialism?
7. Explain the Expert Opinion method of demand forecasting.
8. Explain any five exceptions to the Law of Demand.
9. What are the properties of Indifference Curves?
10. Explain the characteristics of Land.

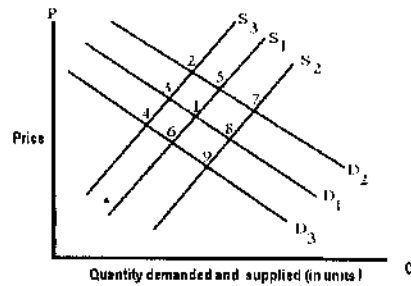
### SECTION – C

Answer any FIVE questions :

(2×5= 10)

11. The Supply function is given as  $q = -100 + 10p$ . Find the elasticity of supply using point method, when price is Rs. 15.
12. A consumer buys 80 units of a good at a price of Rs. 4 per unit. Suppose the price elasticity of demand is -4, at what price will he buy 60 units?
13. A firm's average fixed cost is Rs. 20 at 6 units of output. What will it be at 4 units of output?
14. What are Stair-Step Costs?
15. A shopkeeper sells only two brands of note books Imperial and Royal. It is observed that when the price of Imperial rises by 10% the demand for Royal increases by 15%. What is the cross price elasticity for Royal against the price of Imperial?

16. How are markets classified on the basis of nature of transactions?
17. D1 and S1 are the original demand and supply curves. D2 , D3 , S2 and S3 are possible new demand and supply curves. Starting from initial equilibrium point (1), what point on the graph is most likely to result from each change given in Questions a and b?



- a. Assume X is a normal good. Holding everything else constant, assume that income rises and the price of a factor of production also increases. What point in the figure above is most likely to be the new equilibrium price and quantity?
- b. Heavy rains in Maharashtra during 2005 and 2006 caused havoc with the rice crop. What point in the figure above is most likely to be the new equilibrium price and quantity?

\*\*\*\*\*

**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION MARCH 2022**  
**COMMERCE**  
**Insurance Management**

**Duration:2 Hours****Max Marks:60****SECTION – A****Answer any TWO questions:****(15×2= 30)**

1. What is risk? What are the different ways to Manage risk?
2. Define Life Insurance. What are the various types of Life Insurance Plans.
3. Explain briefly the coverages included in Medicare Insurance Program.
4. Explain the life cycle of Participants in a Retirement Plan.

**SECTION – B****Answer any FOUR questions :****(5×4= 20)**

5. What are the benefits of Insurance?
6. What is Underwriting? Explain its types.
7. What does Casualty Insurance mean? What are the three major types of Casualty Insurance?
8. Write a note on classification of Assets.
9. What are the essential conditions of a valid insurance contract?
10. What are the features and benefits of Riders?

**SECTION – C****Answer any FIVE questions :****(2×5= 10)**

11. What is meant by Speculative Risk?
12. What is meant by Surrender Value?
13. What is meant by Accidental Death Benefit Rider?
14. State any four steps in the underwriting process.
15. State any two duties of Insurer after a claim.
16. What does Medicare Part B cover?
17. What does Private Pension mean?

\*\*\*\*\*

**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION MARCH 2022**  
**COMMERCE**  
**Retail and Market Research**

**Duration:2 Hours****Max Marks:60****SECTION – A****Answer any TWO questions:****(15×2= 30)**

1. Explain the Market Research Methodologies.
2. Define Consumer Goods Industry. Explain the classification of Consumer Goods Industry.
3. a) Explain the factors influencing and affecting Indian Retail Industry.  
**(10 Marks)**  
b) Write a note on Present Indian Retail Scenario. **(5 Marks)**
4. Describe the implication of consumer research on brand development of a company.

**SECTION – B****Answer any FOUR questions :****(5×4= 20)**

5. Write the importance of Market Research.
6. Write a note on evolution of Indian FMCG Market.
7. Write a note on future of retailing.
8. Explain the benefits of retail research to the manufacturer.
9. Explain Consumer Research Cycle.
10. Explain the need for Retail Metrics.

**SECTION – C****Answer any FIVE questions :****(2×5= 10)**

11. What is meant by Research?
12. What is meant by Value for Money?
13. What is meant by Retail Data Validation?
14. Define Retailing.
15. What is Consumer Research?
16. What is Media Research?
17. Define Retail Metrics.

**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION MARCH 2022**  
**COMMERCE**

**Financial Planning and Performance**

**Duration:2 Hours**

**Max Marks:60**

**SECTION – A**

**Answer any TWO questions:**

**(15×2= 30)**

1. a.A company estimates that it will sell 100,000 units of finished goods in March. Each finished good requires 5 feet of raw materials. The projected March 1 inventory balances are 10,000 units of finished goods and 40,000 feet of raw materials. Desired March 31 inventory levels are 9,000 units of finished goods and 42,000 feet of raw materials. What amount of raw materials should the company plan to purchase during March?
- b.In preparing the direct material purchases budget for next quarter, the plant controller has the following information available.

Budgeted unit sales	2,000.00
Pounds of materials needed per unit	4
Cost of materials per pound	\$3
Pounds of materials on hand	400
Finished units on hand	250
Target ending units inventory	325
Target ending inventory of pounds of materials	800

How many pounds of materials must be purchased?

2. a.Granite Company sells products exclusively on account, and has experienced the following collection pattern: 60% in the month of sale, 25% in the month after the sale, and 15% in the second month after sale. Uncollectible accounts are negligible. Customers who pay in the month of sale are given a 2% discount. If sales are \$220,000 in January, \$200,000 in February, \$280,000 in March, and \$260,000 in April, Calculate Granite's accounts receivable balance on May 1.
- b.Bootstrap Corporation anticipates the following sales during the last six months of the year.

	(\$)
July	460,000
August	500,000
September	525,000
October	500,000
November	480,000
December	450,000

20% of Bootstrap's sales are for cash. The balance is subject to the collection pattern shown below

Percentage of balance collected in the month of sale	40%
Percentage of balance collected in the month following sale	30%
Percentage of balance collected in the second month following sale	25%
Percentage of balance uncollectible	5%

What are Bootstrap's accounts receivable on November 30?

3. Projected monthly sales of Wallstead Corporation for January, February, March, and April are as follows:

	(\$)
January	300,000
February	340,000
March	370,000
April	390,000

- The company bills each month's sales on the last day of the month.
- Receivables are booked gross and credit terms of sale are: 2/10, n/30.
- 50% of the billings are collected within the discount period, 30% are collected by the end of the month, 15% are collected by the end of the second month, and 5% become uncollectible.

Calculate Budgeted cash collection for Wallstead Company during April.

4. KLM Inc. budgeted the following amounts for the coming year.

Beginning inventory, finished goods	\$10,000
Cost of goods sold	\$400,000
Direct material used in production	\$100,000
Ending inventory, finished goods	25,000
Beginning and ending work-in-process inventory	Zero

Overhead is estimated to be two times the amount of direct labor dollars. What is a amount that should be budgeted for direct labor for the coming year?

### SECTION – B

Answer any FOUR questions :

(5×4= 20)

5. Describe the Budget cycle.
6. Explain Authoritative Approach Budgeting.
7. In competing as a subcontractor on a military contract, Aerosub Inc. has developed a new product for spacecraft that includes the manufacturing of a complex part. Management believes there is a good opportunity for its technical force to learn and improve as they become accustomed to the production process. Accordingly, management estimates an 80% learning curve would apply to this unit. The overall contract will call for supplying eight units. Production of the first unit requires 10,000 direct labor hours. calculate the estimated total direct labor hours required to produce the seven additional units.

8. Allbee Company has three possible investment opportunities. The controller calculated the payoffs and probabilities, as follows

Payoffs	Investment A	Investment B	Investment C
\$(20,000)	.3	.2	.3
\$(10,000)	.1	.2	.1
\$30,000	.3	.2	.2
\$70,000	.2	.2	.3
\$100,000	.1	.2	.1

The cost of investments A, B, and C are the same. Using the expected value criterion, which one of the following rankings of these investments, from the highest payoff to lowest payoff, is correct?

9. PQ Retailing Company prices its products by adding 30% to its cost. PQ anticipates sales of \$715,000 in July, \$728,000 in August, and \$624,000 in September. PQ's policy is to have on hand enough inventory at the end of the month to cover 25% of the next month's sales. What will be the cost of the inventory that PQ should budget for purchase in August?
10. XYZ Company has budgeted sales at 6,300 units for the next fiscal year, and desires to have 590 good units on hand at the end of that year. Beginning inventory is 470 units. XYZ has found from past experience that 10% of all units produced do not pass final inspection, and must therefore be destroyed. How many units should XYZ plan to produce in the next fiscal year?

#### SECTION – C

Answer any FIVE questions :

(2×5= 10)

11. What is strategic planning?
12. What is mission?
13. What are pro forma statements?
14. What is the coefficient of determination?
15. What is a master budget?
16. What is meant by production budget?
17. What is direct materials purchases budget?

\*\*\*\*\*